



**COMMUNITY DEVELOPMENT COMMISSION**  
**of the County of Los Angeles**

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*Commissioners*

**Sean Rogan**  
*Executive Director*

September 27, 2011

Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

9 September 27, 2011

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

**PUBLIC HEARING AUTHORIZING SOUTHERN CALIFORNIA HOME FINANCING  
AUTHORITY TO ISSUE SINGLE FAMILY MORTGAGE REVENUE BONDS  
(ALL DISTRICTS) (3 VOTES)**

**SUBJECT**

This letter recommends approval of the issuance of one or more series of Single Family Mortgage Revenue Bonds (Bonds) by the Southern California Home Financing Authority (Authority) in the aggregate amount of \$200,000,000 for its First-Time Homebuyers program. Approval of these actions will increase homeownership opportunities for individuals and families in the County of Los Angeles (County).

**IT IS RECOMMENDED THAT YOUR BOARD, AFTER THE PUBLIC HEARING:**

1. Find that approval of the issuance of Bonds by the Authority is not subject to the provisions of the California Environmental Quality Act (CEQA), as described herein, because the action is not defined as a project under CEQA.
2. Adopt and instruct the Mayor, in his capacity as Chair of the Authority, to sign a Resolution approving the issuance of one or more series of Bonds by the Authority, in an aggregate principal amount not to exceed \$200,000,000, over a three-year period, to provide financing for the First-Time Homebuyers Program (Program).
3. Authorize the Mayor, Mayor's Designee, or alternate designee of the Authority to execute all documents necessary to ensure the issuance of Bonds by the Authority and to approve the cost of issuance, following approval as to form by County Counsel.

4. Authorize the Mayor, Mayor's Designee, or alternate designee of the Authority to apply from time to time, on behalf of the Authority, to the California Debt Limit Allocation Committee (CDLAC) to obtain private activity bond allocations for the bonds to be issued by the Authority.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of this action is to conduct a public hearing to authorize the issuance of Bonds by the Authority, a joint powers authority of Los Angeles and Orange Counties, to provide Program financing.

#### **FISCAL IMPACT/FINANCING**

No County costs will be incurred for the issuance of the Bonds.

#### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

From 1982 to 1988, the Community Development Commission (Commission) administered the Program, under which Bonds have been issued to provide below market, fixed rate loans to eligible first-time homebuyers. Over \$1.6 billion in long-term Bonds for home mortgages have been issued for Los Angeles and Orange Counties, providing financing for over 7,500 homes.

In 1988, your Board authorized the formation of the Authority, which has since administered the Program and has issued 37 series of Bonds. The attached Resolution authorizes the Authority to issue Bonds in one or more series, no later than three years after the date when the first series of Bonds are issued.

The requested \$200,000,000 authority includes \$100,000,000 for anticipated Bond issuances for mortgage loans for first-time homebuyers over the next three years. It also includes \$100,000,000 to establish a drawdown bond facility for mortgage loan pre-payments received from outstanding Bond issues or new allocations from CDLAC.

Over one half of the mortgage loans are typically made to homebuyers earning between 80 and 90% of the area median income. The current maximum income limit for eligible Los Angeles County homebuyers is \$102,480, which is 120% of the statewide median income.

In the past 18 months, the Authority has originated \$40 million in loans. In order to continue this highly successful program, we are returning to your Board for approval of the Bond issuance.

Pursuant to Section 147(f) of the Internal Revenue Code of 1986, the Authority must issue the first series of Bonds pursuant to its Plan of Financing no later than one year

after the date of this Resolution, and the last series of Bonds must be issued pursuant to the Plan of Financing no more than three years later.

The proposed issuance of the Bonds will be conducted in accordance with the Internal Revenue Code of 1986 and Part 5 of Division 31 of the Health and Safety Code of the State of California. Section 147(f) of the Internal Revenue Code of 1986 requires that a notice of the public hearing be published once in a publication of general circulation, at least 14 days prior to the public hearing date. The notice for the public hearing was published in the Los Angeles Times on September 8, 2011.

The attached Resolution was prepared by Kutak Rock LLP, Bond Counsel to the Authority, and approved as to form by County Counsel.

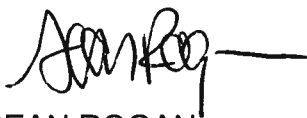
#### **ENVIRONMENTAL DOCUMENTATION**

These actions are exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3), because they involve administrative activities that will not have a physical impact on or result in any physical changes to the environment. The actions are not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378, because they are not defined as a project under CEQA and do not have the potential for causing a significant effect on the environment.

#### **IMPACT ON CURRENT SERVICES**

The requested action will permit the continued issuance of Bonds by the Authority to provide financing for the First-Time Homebuyers Program.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line.

SEAN ROGAN  
Executive Director

Enclosures

**RESOLUTION OF THE BOARD OF SUPERVISORS OF  
LOS ANGELES COUNTY, CALIFORNIA AS THE  
APPLICABLE ELECTED REPRESENTATIVE  
APPROVING THE ISSUANCE OF \$200,000,000 OF  
SOUTHERN CALIFORNIA HOME FINANCING  
AUTHORITY SINGLE FAMILY MORTGAGE  
REVENUE BONDS AND/OR SINGLE FAMILY HOUSING  
REVENUE BONDS OVER A THREE-YEAR PERIOD**

WHEREAS, the Southern California Home Financing Authority (the "Authority"), a joint powers authority, of which the County of Los Angeles (the "County") is a member, is engaging in a home mortgage financing program within the jurisdiction of the Authority (including for such purposes the County) by providing mortgages to qualifying mortgagors for such purpose (the "Program"), pursuant to Chapters 1-5 of Part 5 of Division 31 of the Health and Safety Code of the State of California (the "Act"); and

WHEREAS, the Authority expects to issue (or has issued and expects to release from escrow and convert to tax-exempt bonds) several series of single family mortgage revenue bonds and/or single family housing revenue bonds (the "Bonds") under the Program pursuant to a plan of financing home mortgages made to qualified persons and families who purchase or own homes located within the jurisdiction of the Authority (the "Plan of Financing"); and

WHEREAS, this Board of Supervisors (the "Board") hereby finds and declares that it is in the best interest of the County to participate in the Program in conjunction with the Authority in order to increase the housing supply available to qualified first-time homebuyers in the County; and

WHEREAS, the Bonds to be issued pursuant to the Plan of Financing will be "private activity bonds" for purposes of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, pursuant to Section 147(f) of the Code, prior to their issuance, private activity bonds are required to be approved by the applicable elected representative of the governmental unit on whose behalf the Bonds are expected to be issued and by each governmental unit having jurisdiction over the area in which any facility financed by such Bonds is to be located, after a public hearing held following reasonable public notice; and

WHEREAS, the Bonds to be issued pursuant to the Plan of Financing are to be issued by the Authority on behalf of the County and the other member of the Authority, and the financing of home mortgages for homes located in the County will be provided from the proceeds of the Bonds; and

WHEREAS, the Authority will cause to be published in a newspaper of general circulation within the County, a notice that a public hearing would be held on a date, at least

14 days following the date of publication, regarding the proposed issuance of the Bonds pursuant to the Plan of Financing and the nature and location of the Program; and

WHEREAS, this Board will conduct such public hearing at which time an opportunity will be provided to interested parties to present arguments both for and against issuance of the Bonds pursuant to the Plan of Financing and the nature and locate of the Program;

WHEREAS, the members of this Board are the applicable elected representatives of the County; and

WHEREAS, this Board hereby finds and declares that this Resolution is being adopted pursuant to the powers granted by law;

NOW, THEREFORE, BE IT RESOLVED that this Board hereby finds, determines, resolves and orders as follows:

1. The above recitals, and each of them, are true and correct.
2. As the applicable elected representative of the County pursuant to Section 147(f) of the Code, this Board hereby approves the issuance (or conversion to tax-exempt bonds) by the Authority of the Bonds in one or more series pursuant to the Plan of Financing in an aggregate principal amount not to exceed \$200,000,000 to provide funds for the Program; provided (i) that the first series of Bonds issued pursuant to the Plan of Financing is issued no later than one year after the date of this Resolution and (ii) that the last series of Bonds issued pursuant to the Plan of Financing is issued no later than three years after the date the series of Bonds referenced in clause (i) is issued. It is the purpose and intent of this Board that this Resolution constitute approval of the issuance by the Authority of the Bonds by the applicable elected representative of the governmental unit on whose behalf the Bonds are expected to be issued.
3. This Board hereby authorizes the Chair's Designee, or such officer's designee, to execute applications from time to time, on behalf of the Authority, to the California Debt Limit Allocation Committee in connection with obtaining allocations of private activity volume cap for the Bonds approved by this Resolution.
4. This Board hereby authorizes the use of any funds made available by the issuance of the Bonds to provide for any Program purpose as may be permitted by any indenture, purchase agreement, origination, purchase, pooling and servicing agreement, origination agreement, developer agreement, locality agreement, compliance agent agreement or any other document relating to the Bonds.
5. The officers and employees of the County are hereby authorized and directed, jointly and severally, to do any and all things necessary or advisable in order to effectuate the purposes of this Resolution or the issuance of the Bonds pursuant to the Plan of Financing, and all actions previously taken by the officers and employees of the County are hereby ratified and approved.
6. This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED by the Board of Supervisors of the County of Los Angeles,  
State of California, this 27<sup>th</sup> day of September, 2011.

*Mike Antonovich*

Michael D. Antonovich  
Mayor of the Board of Supervisors

ATTEST:

SACHI A. HAMAI  
Executive Officer-Clerk  
of the Board of Supervisors

By

*Sachelle Smitherman*  
Deputy



APPROVED AS TO FORM

ANDREA SHERIDAN ORDIN  
County Counsel

By

*Behnaz Jashke*  
Deputy